



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
MARSHALL COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.STATE.KY.US/AGENCIES/APA**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
MARSHALL COUNTY OFFICIALS.....	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS.....	7
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES	10
NOTES TO FINANCIAL STATEMENTS	13
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE.....	19
SCHEDULE OF OPERATING REVENUE	22
COMPARATIVE SCHEDULE OF BUDGET AND BUDGETED EXPENDITURES.....	35
SCHEDULE OF UNBUDGETED EXPENDITURES.....	49
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	53
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	57
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	61
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	65
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	66
APPENDIX A: CERTIFICATION OF COMPLIANCE – LOCAL GOVERNMENT ECONOMIC ASSISTANCE	



Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Mike Miller, County Judge/Executive
Members of the Marshall County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Marshall County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Marshall County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Marshall County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Marshall County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Mike Miller, County Judge/Executive
Members of the Marshall County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Marshall County, Kentucky, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. The other information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 1999, on our consideration of Marshall County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 17, 1999

MARSHALL COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Mike Miller	County Judge/Executive
Don Thomas	County Attorney
Dan Duke	County Clerk
Linda Fisk	Circuit Court Clerk
Brian S. Roy	Sheriff
Roger Ford	Jailer
Ann Riley	Property Valuation Administrator
Tim York	County Treasurer
Jerry Bennett	Coroner
Jerome Hicks	Commissioner
Gordon Hargrove	Commissioner
Jerry G. English	Commissioner

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

MARSHALL COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets

General Fund:	
Cash	\$ 819,836
Road and Bridge Fund:	
Cash	210,872
Jail Fund:	
Cash	305,129
Jail Commissary Fund:	
Cash	61,916
Local Government Economic Assistance Fund:	
Cash	10,674
Community Development Block Grant Fund:	
Cash	4
Occupational Tax Fund:	
Cash	669,090
Occupational Tax Administrator Fund:	
Cash	31,167
Investments	1,621,963
Emergency 911 Fund:	
Cash	207,209
Building Inspector Fund:	
Cash	6,606
Public Properties Corporation Fund:	
Investments	159,630
Ambulance Fund:	
Cash	415
Payroll Account:	
Cash	<u>99,546</u>
Total Assets	<u><u>\$ 4,204,057</u></u>

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1998
 (Continued)

Liabilities and Fund Balances

Liabilities \$ 0

Fund Balances

Reserved:

Jail Commissary Fund	61,916
Community Development Block Grant Fund	4
Emergency 911 Fund	207,209
Building Inspector Fund	6,606
Ambulance Fund	415
Public Properties Corporation Fund	159,630
Payroll Account	99,546

Unreserved:

General Fund	819,836
Road and Bridge Fund	210,872
Jail Fund	305,129
Local Government Economic Assistance Fund	10,674
Occupational Tax Fund	669,090
Occupational Tax Administrator Fund	1,653,130

Total Liabilities and Fund Balances	<u>\$ 4,204,057</u>
-------------------------------------	---------------------

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

MARSHALL COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

<u>Cash Receipts</u>	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Schedule of Operating Revenue	\$ 9,581,582	\$ 3,296,972	\$ 1,263,701	\$ 980,426
Transfers In	2,700,000			
Jail Commissary Fund Receipts	70,121			
Total Cash Receipts	<u>\$ 12,351,703</u>	<u>\$ 3,296,972</u>	<u>\$ 1,263,701</u>	<u>\$ 980,426</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 9,434,229	\$ 3,129,243	\$ 1,483,073	\$ 1,007,290
Schedule of Unbudgeted Expenditures	37,223			
Transfers Out	2,700,000			
Jail Commissary Fund Expenditures	58,854			
Total Cash Disbursements	<u>\$ 12,230,306</u>	<u>\$ 3,129,243</u>	<u>\$ 1,483,073</u>	<u>\$ 1,007,290</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 121,397	\$ 167,729	\$ (219,372)	\$ (26,864)
Cash Balance - July 1, 1997	<u>3,983,114</u>	<u>652,107</u>	<u>430,244</u>	<u>331,993</u>
Cash Balance - June 30, 1998*	<u>\$ 4,104,511</u>	<u>\$ 819,836</u>	<u>\$ 210,872</u>	<u>\$ 305,129</u>

* Cash Balances Includes Investments

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1998
(Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	Community Development Block Grant Fund	Occupational Tax Administrator Fund	Occupational Tax Fund	Emergency 911 Fund
\$	\$ 24,757	\$ 360,527	\$ 3,249,583	\$ 50,541 2,700,000	\$ 324,979
70,121					
\$ 70,121	\$ 24,757	\$ 360,527	\$ 3,249,583	\$ 2,750,541	\$ 324,979
\$	\$ 21,000	\$ 365,130	\$ 36,384 2,700,000	\$ 3,133,733	\$ 274,619
58,854					
\$ 58,854	\$ 21,000	\$ 365,130	\$ 2,736,384	\$ 3,133,733	\$ 274,619
\$ 11,267 50,649	\$ 3,757 6,917	\$ (4,603) 4,607	\$ 513,199 1,139,931	\$ (383,192) 1,052,282	\$ 50,360 156,849
\$ 61,916	\$ 10,674	\$ 4	\$ 1,653,130	\$ 669,090	\$ 207,209

MARSHALL COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Building Inspector Fund	Public Properties Corporation Fund	Ambulance Service Fund
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$ 21,372	\$ 7,632	\$ 1,092
Transfers In			
Jail Commissary Fund Receipts			
Total Cash Receipts	<u>\$ 21,372</u>	<u>\$ 7,632</u>	<u>\$ 1,092</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 20,141	\$	\$
Schedule of Unbudgeted Expenditures			839
Transfers Out			
Jail Commissary Fund Expenditures			
Total Cash Disbursements	<u>\$ 20,141</u>	<u>\$ 0</u>	<u>\$ 839</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 1,231	\$ 7,632	\$ 253
Cash Balance - July 1, 1997	<u>5,375</u>	<u>151,998</u>	<u>162</u>
Cash Balance - June 30, 1998*	<u><u>\$ 6,606</u></u>	<u><u>\$ 159,630</u></u>	<u><u>\$ 415</u></u>

* Cash Balances Includes Investments

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Marshall County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund, Occupational Tax Administrators Fund, Public Properties Corporation Fund, and Ambulance Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Marshall County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.21 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The county met the requirements stated above, and as of June 30, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county's agent in the county's name.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 4. Lease-Purchase Agreement

The county has entered into the following lease-purchase agreement:

<u>Description</u>	<u>Annual Payment</u>	<u>Length of Agreement</u>	<u>Ending Date</u>	<u>Amount</u>
Excavator	\$ 69,603	36 Months	11/10/99	\$ 69,603

Note 5. Commitments and Contingencies

The county is contingently liable for bonds. Marshall County and the City of Benton issued bonds for Mid-America Homes (the company) to acquire, construct, and equip a new facility for the purpose of manufacturing modular housing. The bonds were issued February 1, 1995 in the aggregate amount of \$2,000,000 at interest rates of 5.5% to 7.5%. The company will make payments to the Trustee. If the company does not make payment as required the county is 50% liable for any outstanding principal. The principal amount owed at June 30, 1998 is \$2,000,000.

Note 6. Insurance

For the fiscal year ended June 30, 1998, Marshall County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

THIS PAGE LEFT BLANK INTENTIONALLY

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

MARSHALL COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 2,904,410	\$ 3,296,972	\$ 392,562
Road and Bridge Fund	1,055,074	1,263,701	208,627
Jail Fund	1,029,875	980,426	(49,449)
Local Government Economic Assistance Fund	24,056	24,757	701
Community Development Block Grant	576,000	360,527	(215,473)
Occupational Tax Funds	3,011,000	3,300,124	289,124
Emergency 911 Fund	394,750	324,979	(69,771)
Building Inspector Fund	20,500	21,372	872
Totals	<u>\$ 9,015,665</u>	<u>\$ 9,572,858</u>	<u>\$ 557,193</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 9,015,665
Add: Budgeted Prior Year Surplus			<u>2,105,502</u>
Total Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 11,121,167</u>

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE OF OPERATING REVENUE

MARSHALL COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes</u> <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 768,883	\$ 768,883	\$	\$
Tangible Personal Property	291,682	291,682		
Excess Fees - 1997	81,158	81,158		
Franchise Tax	76,726	76,726		
County Clerk:				
Deed Transfer Tax	64,831	64,831		
Delinquent Taxes	14,741	14,741		
Excess Fees - 1998	225,948	225,948		
Tangible Personal Property Taxes:				
County Clerk	237,834	237,834		
Occupational Employment Tax	3,241,819			
Garbage Disposal License Fee	476,592	476,592		
In Lieu of Taxes:				
Tennessee Valley Authority	212,331	212,331		
Electric Plant Board	2,499	2,499		
Bank Deposits Franchise Tax	92,906	92,906		
Totals	\$ 5,787,950	\$ 2,546,131	\$ 0	\$ 0
<u>Federal Receipts - City of Paducah</u>				
Western Area Narcotics Team	\$ 22,575	\$ 22,575	\$ 0	\$ 0
<u>Federal Receipts</u>				
Community Oriented Policing				
Services Grant	\$ 39,129	\$ 39,129	\$	\$
Universal Hiring Program Grant	20,065	20,065		
Problem Solving Partnership Grant	29,140	29,140		
Disaster and Emergency Assistance				
Grants - Coordinator Salary	9,799	9,799		
- Flood Relief	7,764			

7,764

THIS PAGE LEFT BLANK INTENTIONALLY

	Public Properties Corporation Fund	Ambulance Service Fund
--	---	------------------------------

Revenue From Local Taxes
and Excess Fees

Sheriff:

Taxes	\$	\$
Tangible Personal Property		
Excess Fees - 1997		
Franchise Tax		

County Clerk:

Deed Transfer Tax		
Delinquent Taxes		
Excess Fees - 1998		

Tangible Personal Property Taxes:

County Clerk		
--------------	--	--

Occupational Employment Tax

Garbage Disposal License Fee

In Lieu of Taxes:

Tennessee Valley Authority		
Electric Plant Board		

Bank Deposits Franchise Tax

Totals	\$ 0	\$ 0
--------	------	------

Federal Receipts - City of Paducah

Western Area Narcotics Team	\$ 0	\$ 0
-----------------------------	------	------

Federal Receipts

Community Oriented Policing

Services Grant	\$	\$
----------------	----	----

Universal Hiring Program Grant

Problem Solving Partnership Grant

Disaster and Emergency Assistance

Grants - Coordinator Salary		
- Flood Relief		

MARSHALL COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Federal Receipts (Continued)</u>				
Community Development Block Grants- Exceptional Center Project	\$ 360,527	\$	\$	\$
Totals	\$ 466,424	\$ 98,133	\$ 0	\$ 0
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 52,909	\$	\$	\$ 52,909
Medical Allotments	9,008			9,008
Driving Under The Influence Fees	15,137			15,137
Housing State Prisoners	597,803			597,803
Court Costs, Jail Operation	16,100			16,100
Jail Contract with Other Counties	35,713			35,713
Community Services	9,861			9,861
County Road Aid	1,052,612		1,052,612	
Truck License Distribution	151,651		151,651	
Courthouse Rental - Administrative				
Office of the Courts	70,048	70,048		
Refunds:				
Dog License	86	86		
Insurance Reimbursement	16,619	16,619		
Severance Taxes:				
Coal	24,386			
Board of Assessments	600	600		
Grants:				
Department of Local Government - Flood Relief	7,764			
Hospital Grant	171,674	171,674		
Disaster and Emergency Services Assistance Grant - Coordinator Salary	3,161	3,161		
Highway Safety Grant	13,845	13,845		

MARSHALL COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Occupational Tax Administrator Fund	Occupational Tax Fund	Emergency 911 Fund	Building Inspection Fund
\$	\$ 360,527	\$	\$	\$	\$
\$ 0	\$ 360,527	\$ 0	\$ 7,764	\$ 0	\$ 0

\$ \$ \$ \$ \$ \$

24,386

7,764

	Public Properties Corporation Fund	Ambulance Service Fund
.	<u>\$</u>	<u>\$</u>
.	<u>\$ 0</u>	<u>\$ 0</u>
	\$	\$

THIS PAGE LEFT BLANK INTENTIONALLY

MARSHALL COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
<u>(Continued)</u>				
Ambulance Grant	\$ 6,797	\$ 6,797	\$	\$
Kentucky Local Correctional Facilities Construction Authority	161,219			161,219
Totals	<u>\$ 2,416,993</u>	<u>\$ 282,830</u>	<u>\$ 1,204,263</u>	<u>\$ 897,750</u>
<u>Miscellaneous Revenue</u>				
Interest	\$ 143,856	\$ 37,700	\$ 32,453	\$ 14,628
Circuit Court Clerk:				
Work Release	37,073			37,073
Jail:				
Telephone Commission Refunds	23,526			23,526
Reimbursements:				
Exceptional School	194,532	194,532		
Road Work for Others	4,485		4,485	
Road Signs	503		503	
Licenses and Permits:				
Building Inspection	21,200			
Cable TV Franchise	59,787	59,787		
Donations	1,092			
911 Fees	311,396			
Telephone Commission	3	3		
Surplus Machinery/Equipment Sales	6,695		6,695	
Insurance Proceeds	13,378		8,948	4,430
Miscellaneous Items	70,114	55,281	6,354	3,019
Totals	<u>\$ 887,640</u>	<u>\$ 347,303</u>	<u>\$ 59,438</u>	<u>\$ 82,676</u>
Total Operating Revenue	<u>\$ 9,581,582</u>	<u>\$ 3,296,972</u>	<u>\$ 1,263,701</u>	<u>\$ 980,426</u>

MARSHALL COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Occupational Tax Administrator Fund	Occupational Tax Fund	Emergency 911 Fund	Building Inspection Fund
\$	\$	\$	\$	\$	\$
\$ 24,386	\$ 0	\$ 7,764	\$ 0	\$ 0	\$ 0
\$ 371	\$	\$	\$ 42,777	\$ 8,123	\$ 172
					21,200
				311,396	
				5,460	
\$ 371	\$ 0	\$ 0	\$ 42,777	\$ 324,979	\$ 21,372
\$ 24,757	\$ 360,527	\$ 3,249,583	\$ 50,541	\$ 324,979	\$ 21,372

MARSHALL COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Public Properties Corporation Fund	Ambulance Service Fund
<u>Kentucky State Treasurer</u>		
<u>(Continued)</u>		
Ambulance Grant	\$	\$
Kentucky Local Correctional Facilities Construction Authority		
Totals	\$ 0	\$ 0
<u>Miscellaneous Revenue</u>		
Interest	\$ 7,632	\$
Circuit Court Clerk: Work Release		
Jail: Telephone Commission Refunds		
Reimbursements: Exceptional School Road Work for Others Road Signs		
Licenses and Permits: Building Inspection Cable TV Franchise		
Donations		1,092
911 Fees		
Telephone Commission		
Surplus Machinery/Equipment Sales		
Insurance Proceeds		
Miscellaneous Items		
Totals	\$ 7,632	\$ 1,092
Total Operating Revenue	\$ 7,632	\$ 1,092

COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

MARSHALL COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 48,399	\$ 48,313	\$ 86
Deputy County Judge/Executive	4,500	4,451	49
Secretaries	35,000	27,857	7,143
Other Salaries	15,000	1,536	13,464
Office Materials and Supplies	13,000	11,982	1,018
Equipment Repair	1,000	630	370
Telephone	2,500	1,813	687
Travel	7,000	5,798	1,202
New Office Equipment	3,000		3,000
Office of County Attorney:			
Salaries-			
County Attorney	27,123	27,055	68
Assistant County Attorney	11,154	11,149	5
Secretaries	14,000	13,096	904
Office Materials and Supplies	1,000	623	377
Telephone	2,000	1,692	308
Travel	1,000		1,000
Office of County Clerk:			
Tax Bill Preparation	3,000		3,000
Office Materials and Supplies	27,000	25,801	1,199
Equipment Repair	1,000	85	915
New Office Equipment	6,000	5,128	872
Telephone	4,000	3,828	172
Historic Preservation	1,000		1,000
Office of Sheriff:			
Deputies Salaries	235,000	220,981	14,019
Bond	1,200		1,200
Materials and Supplies	17,000	15,868	1,132
New Motor Vehicles	71,000	70,686	314
Telephone	15,000	7,872	7,128

MARSHALL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of County Coroner:			
Salaries-			
County Coroner	\$ 6,352	\$ 6,303	\$ 49
Deputy Coroner	8,262	8,048	214
New Office Equipment	1,000	666	334
Office Materials and Supplies	1,500	1,310	190
Travel	9,000	8,032	968
Fiscal Court:			
Commissioners-			
Salaries	74,443	74,380	63
Travel	4,500	1,735	2,765
Office of Property Valuation Administrator:			
Statutory Contribution	54,000	53,658	342
Office of Board of Assessment Appeals:			
Salaries	1,400	900	500
Office of County Treasurer:			
Salaries-			
County Treasurer	41,079	40,880	199
Other Salaries	22,360	21,360	1,000
Bond	1,400	1,396	4
Office Materials and Supplies	5,500	5,005	495
New Office Equipment	4,000	1,098	2,902
Telephone	24,500	23,834	666
Travel	500	15	485
County Law Library:			
Law Librarian Salary	1,200	1,200	
Elections:			
Per Diem-			
Election Commissioners	10,000	9,656	344
Election Officers	15,000	1,675	13,325
Polling Places	1,400	500	900

MARSHALL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Elections: (Continued)			
Election Ballot Instructions	\$ 10,000	\$ 1,231	\$ 8,769
New Office Equipment	1,000		1,000
Miscellaneous Expense	1,000		1,000
Planning and Zoning:			
Salaries	46,945	46,128	817
Office Materials and Supplies	500	190	310
Travel	1,500	1,220	280
Telephone	1,000	549	451
New Office Equipment	500		500
Economic Development:			
Action Inc.	15,000	8,000	7,000
Tennessee - Tom Bidbey	5,000	5,000	
Courthouse:			
Janitor Salary	109,000	103,059	5,941
Temporary/Part-time Help	215,000	193,025	21,975
Maintenance to Building And Grounds	48,000	38,818	9,182
Building Maintenance Supplies	15,000	13,597	1,403
Repairs	5,000	1,394	3,606
Utilities	41,000	38,950	2,050
Materials and Supplies	11,000	10,631	369
New Equipment	2,000		2,000
Miscellaneous	3,500	3,377	123
Other County Properties:			
Hardin Senior Center	12,000		12,000
Utilities - Other County Buildings	25,000	17,558	7,442
County Detention Center:			
Utilities	42,000		42,000
County Fire Department:			
Membership Fees	6,100	5,632	468

MARSHALL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Disaster and Emergency Services:			
Director Salary	\$ 19,950	\$ 19,921	\$ 29
Emergency Materials and Supplies	20,000	18,251	1,749
Utilities	11,000	9,117	1,883
Miscellaneous	500	122	378
Ambulance Service:			
Salaries	245,370	228,674	16,696
Ambulances	90,000	86,540	3,460
Forestry Fire Protection:			
Kentucky State Treasurer	1,800	1,670	130
Office of Public Defender:			
Contribution	3,401	3,401	
<u>General Health and Sanitation</u>			
Pest Control	1,000	985	15
Dog Control:			
Salaries	11,000	10,800	200
Humane Society	25,000	24,330	670
Animal Food and Supplies	1,000		1,000
Solid Waste Collection:			
Contracted Services	100,000	100,000	
<u>Social Services</u>			
County Hospital:			
Health Care	3,000	3,000	
Physicals	13,000	12,128	872
Mental Health Services	500		500
Service to Indigents:			
Contribution	2,000	1,447	553

MARSHALL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Social Services (Continued)</u>			
Senior Citizens Program:			
Contribution	\$ 47,500	\$ 44,589	\$ 2,911
Services to Children and Youth:			
Contribution	10,000	255	9,745
Other Social Services:			
Exceptional School Salaries	230,000	223,345	6,655
<u>Recreation and Culture</u>			
Parks:			
Materials and Supplies	21,000	20,449	551
Other Recreation Programs	50,000	47,907	2,093
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Transfers	1,179		1,179
State Auditors	30,000	29,373	627
County Insurance	167,000	166,111	889
Membership Dues	30,000	23,225	6,775
Payments to Government Agencies	5,000		5,000
Fringe Benefits:			
County Contributions-			
Social Security	145,000	136,856	8,144
Retirement	210,000	202,404	7,596
Health Insurance	450,000	405,335	44,665
Worker's Compensation	55,000	52,754	2,246
Unemployment Insurance	25,000		25,000
Total General Fund	\$ 3,496,517	\$ 3,129,243	\$ 367,274

MARSHALL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Salaries-			
Road Supervisor	\$ 42,354	\$ 42,354	\$
Assistant Road Supervisor	85,453	56,982	28,471
Other Salaries	47,179	45,248	1,931
Office Materials and Supplies	15,000	13,595	1,405
Telephone	5,000	4,543	457
Travel	8,500	7,294	1,206
New Office Equipment	1,000		1,000
Road Maintenance:			
Road Labor Salaries	629,013	613,157	15,856
Machinery and Equipment-			
New Road Machinery	90,000	85,079	4,921
Materials	62,000	48,496	13,504
Safety Boots	11,000	4,832	6,168
Contract Paving	315,000	314,904	96
Equipment Leases	30,000		30,000
Bridges, Culverts, Sewers	75,000		75,000
Health Services (Physicals)	9,000	8,078	922
Utilities	23,000	18,050	4,950
Construction	95,000	91,220	3,780
Miscellaneous	16,000	13,881	2,119
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	12,033		12,033
Fringe Benefits:			
County Contributions-			
Social Security	56,075	52,427	3,648
Health Insurance	66,500	62,933	3,567
Total Road and Bridge Fund	\$ 1,694,107	\$ 1,483,073	\$ 211,034

MARSHALL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 48,399	\$ 48,313	\$ 86
Jail Personnel	454,826	390,857	63,969
Administrative Personnel	20,595	19,391	1,204
Food Service Personnel	48,037	44,270	3,767
Overtime Pay	15,000	8,640	6,360
Work Release	15,000	13,378	1,622
Operations-			
Cleaning Supplies	11,000	10,334	666
Equipment Repair	5,000		5,000
Food	85,000	73,109	11,891
Jail Linens	20,595	11,791	8,804
Maintenance and Repairs	10,000	3,315	6,685
Office Supplies	4,500	3,526	974
Office Equipment	2,000		2,000
Prisoner Clothing	4,000	1,487	2,513
Pest Control	1,000	873	127
Routine Medical	60,000	39,525	20,475
Staff Uniforms	3,000	2,212	788
Staff Training And Travel	2,986	1,229	1,757
Telephone	3,500	2,686	814
Utilities	66,250	65,124	1,126
Washer and Dryer	25,000	20,918	4,082
Miscellaneous	6,000	5,856	144
Juvenile Detention			
Personnel Services-			
Salaries-			
Juvenile Officer	29,900	29,467	433
Operations-			
Housing Prisoners - Other Counties	90,000	78,822	11,178
Office Materials and Supplies	500	38	462
Telephone	500	174	326
Travel	6,000	5,688	312

MARSHALL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	\$ 98,318	\$	\$ 98,318
Fringe Benefits:			
County Contributions-			
Retirement	155,220	89,387	65,833
Social Security	47,067	36,880	10,187
Total Jail Fund	<u>\$ 1,339,193</u>	<u>\$ 1,007,290</u>	<u>\$ 331,903</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
Road Maintenance:			
Road Materials	<u>\$ 24,056</u>	<u>\$ 21,000</u>	<u>\$ 3,056</u>
<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u>			
Capital Projects:			
Exceptional Center Project	<u>\$ 576,000</u>	<u>\$ 365,130</u>	<u>\$ 210,870</u>
<u>OCCUPATIONAL TAX FUND</u>			
<u>General Government</u>			
Office of Tax Administrator:			
Secretary Salary	\$ 34,900	\$ 33,995	\$ 905
Computer Software Development	500		500
Postage and Office Supplies	2,500	360	2,140
Bond	1,000	761	239
Printing	2,500	2,077	423
Travel	1,000		1,000
Computer Equipment	4,000	3,117	883

MARSHALL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>OCCUPATIONAL TAX FUND (Continued)</u>			
<u>General Health and Sanitation</u>			
Refuse District:			
Landfill Operations	\$ 400,000	\$ 300,000	\$ 100,000
Exceptional Center Van	23,000	22,834	166
County Museum	63,000	62,500	500
<u>Social Services</u>			
Office of Sheriff:			
Contribution	50,000	50,000	
<u>Roads</u>			
Road Maintenance:			
Contract Paving	900,000	856,508	43,492
Gas and Oil	100,000	61,251	38,749
Road Materials	786,000	785,249	751
Pipe, Sewer, and Bridges	150,000	123,448	26,552
Parts and Repairs	165,000	163,370	1,630
Equipment	212,000	211,733	267
Salt Storage Building	18,000	17,004	996
Miscellaneous	6,000	5,484	516
<u>Other County Liabilities</u>			
Industrial Revenue Bond:			
Contingent Liability	75,000	3,881	71,119
<u>Capital Projects</u>			
Buildings and Construction:			
Exceptional Center	250,000	240,538	9,462
County Parks	250,000	184,326	65,674

MARSHALL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>OCCUPATIONAL TAX FUND (Continued)</u>			
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	\$ 70,044	\$	\$ 70,044
Fringe Benefits:			
County Contributions-			
Retirement	4,000	2,940	1,060
Social Security	2,600	2,357	243
Total Occupational Tax Fund	<u>\$ 3,571,044</u>	<u>\$ 3,133,733</u>	<u>\$ 437,311</u>

EMERGENCY 911 FUND

Protection to Persons and Property

Salaries	\$ 183,250	\$ 171,639	\$ 11,611
Advertising	500		500
Computer Development	20,000	774	19,226
Office Supplies	3,000	725	2,275
Uniforms	2,500	78	2,422
Postage	500		500
Dues and Subscriptions	500		500
Telephone	76,000	63,337	12,663
Travel and Training	4,000	2,428	1,572
Maintenance	20,000	9,317	10,683
Communication Equipment	35,000		35,000
Office Equipment	4,000		4,000
Miscellaneous	1,000		1,000

Administration

Contingent Appropriations:			
Reserve for Budget Transfers	15,250		15,250

MARSHALL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>EMERGENCY 911 FUND</u> (Continued)			
<u>Administration</u> (Continued)			
Fringe Benefits:			
County Contributions-			
Retirement	\$ 16,000	\$ 14,573	\$ 1,427
Social Security	13,250	11,748	1,502
Total Emergency 911 Fund	<u>\$ 394,750</u>	<u>\$ 274,619</u>	<u>\$ 120,131</u>
<u>BUILDING INSPECTION FUND</u>			
Inspection Fees	<u>\$ 25,500</u>	<u>\$ 20,141</u>	<u>\$ 5,359</u>
TOTAL BUDGET - ALL FUNDS	<u><u>\$ 11,121,167</u></u>	<u><u>\$ 9,434,229</u></u>	<u><u>\$ 1,686,938</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE OF UNBUDGETED EXPENDITURES

MARSHALL COUNTY
SCHEDULE OF UNBUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

<u>Expenditure Items</u>	Occupational Tax Administrator Fund	Ambulance Fund
Refunds	\$ 35,405	\$
Supplies		90
Donations		400
Fees		40
Miscellaneous	<u>979</u>	<u>309</u>
Totals	<u>\$ 36,384</u>	<u>\$ 839</u>

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Mike Miller, County Judge/ Executive
Members of the Marshall County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Marshall County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated March 17, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Marshall County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Marshall County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 17, 1999

144 Capitol Annex
Frankfort, KY 40601-3448
Tele. 502•564•5841

Fax 502•564•2912
hatchett@apa1.aud.state.ky.us

An Equal Opportunity Employer M/F/D

2501 Georgetown Road, Suite 2
Frankfort, KY 40601-5539
Tele. 502•573•0050
Fax 502•573•0067

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Mike Miller, County Judge/Executive
Members of the Marshall County's Fiscal Court

Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Marshall County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. Marshall County's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Marshall County's management. Our responsibility is to express an opinion on Marshall County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marshall County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Marshall County's compliance with those requirements.

In our opinion, Marshall County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

The management of Marshall County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Marshall County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Honorable Mike Miller, County Judge/Executive
Members of the Marshall County's Fiscal Court
Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance (Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed –
March 17, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Marshall County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Marshall County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal award programs for Marshall County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Marshall County reported in Part C of this Schedule.
7. The programs tested as major programs included: Community Development Block Grant
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Marshall County was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None

NONCOMPLIANCES

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

MARSHALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>Cash Programs</u>		
<u>U. S. Department of Housing</u>		
Passed-Through State Department of Local Government:		
Community Development Block Grants- Exceptional Center Project (CFDA #14.228)	B-95-DC-21-0001(020) B-96-DC-21-0001 (043)	\$ 314,475 50,655
<u>U.S. Department of Justice</u>		
Passed-Through State Justice Cabinet:		
Community Oriented Policing Services Grant (CFDA #16.711)	NA	39,129
Universal Hiring Program Grant (CFDA #16.711)	NA	20,065
Problem Solving Partnership Grant (CFDA #16.710)	NA	29,140
Passed-Through City of Paducah:		
Western Area Narcotics Team Grant (CFDA #16.592)	NA	22,575
<u>U.S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs:		
Disaster and Emergency Assistance Grant- Coordinator Salary (CFDA #83.534)	NA	<u>9,799</u>
Total Cash Expenditures of Federal Awards		<u>\$ 485,838</u>

See notes to the schedule of expenditures of federal awards.

MARSHALL COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Note 1 - Basis of Presentation

This schedule is presented on a cash basis.

Note 2 - The total federal expenditures for Community Development Block Grants consist of:

<u>Subrecipient</u>	<u>Number</u>	<u>Pass-through Grant Amount</u>
Department for Local Government	B-95-DC-21-0001 (020)	\$ 500,000
Department for Local Government	B-96-DC-21-0001 (043)	\$ 126,000

CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE

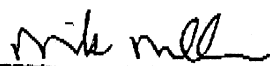
MARSHALL COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998

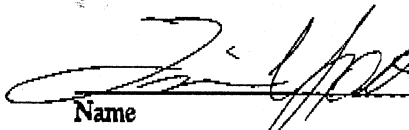
Appendix A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
MARSHALL COUNTY FISCAL COURT

The Marshall County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer